



NHS VAT UPDATE

Issue 1/08

January 2008

Recovery of VAT on agency staff

You may be aware that the Department of Health has recently issued a letter to Strategic Health Authorities regarding the proposed revised policy on the recovery of VAT on agency staff and professional services. The letter indicates that the revised policy is already in place.

VAT Liaison has spoken to the NHS Compliance Team at HM Revenue & Customs and they have advised that discussions are still ongoing and that any new policy will be announced by HMRC when it has been finalised.

We would therefore advise NHS bodies to continue to recover VAT using the current guidelines which can be summarised as follows:

- **Nursing services** – VAT can be recovered on agency nurses, nursing auxiliaries and nursing healthcare assistants. This falls within contracted-out services code 41.
- **Typing, secretarial, telephonist and clerical services and agency staff** – VAT can be recovered under contracted-out services code 69.

VAT Liaison will provide a further update as soon as HMRC issue revised guidance.

How can we help?

Our VATflow™ methodology aims to ensure that any over or under claims of VAT are identified before your VAT return is rendered, thus avoiding the extra administration involved in preparing claims and delays in receiving VAT refunds.

If you would like to discuss any aspect of this update please contact your usual VAT Liaison advisor or ring our VAT Liaison helpline on 0800 700 652.

If you no longer wish to receive VAT Liaison Updates please email 'unsubscribe' in the heading to mail@vatliaison.com.